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BEIJING

November 3, 2006

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#### BY HAND

Magalie Roman Salas, Secretary Federal Energy Regulatory Commission 888 First Street, NE Washington, DC 20426

Re: Broadwater Energy LLC, Docket No. CP06-54-000

Broadwater Pipeline LLC, Docket Nos. CP06-55-000 & CP06-56-000

Dear Ms. Salas:

Enclosed for filing in the referenced proceedings are eight paper copies and one copy on CD-ROM of Broadwater Energy LLC's and Broadwater Pipeline LLC's October 2006 Supplement to their April 2006 New York Coastal Zone Consistency Certification, filed with the New York Department of State on October 31, 2006.

Please do not hesitate to contact me with any questions regarding this submission.

Respectfully submitted

Brett A. Snyder

Counsel to Broadwater Energy LLC and Broadwater Pipeline LLC

**Enclosures** 

James Martin, FERC cc:

Coordinating Agencies

ENTRIX, Inc.

Roger Stebbing and Associates

#### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Washington, D.C. this 3d day of November 2006.

Brett A. Snyder

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October 31, 2006

#### VIA HAND DELIVERY

Mr. Jeffrey Zappieri Supervisor, Consistency Review Unit Resources Management Bureau State of New York Department of State **Division of Coastal Resources** 41 State Street Albany, New York 12231-00001

2006 Coastal Zone Consistency Certification

Dear Mr. Zappieri:

Re: Broadwater Long Island Sound Project October 2006 Supplement to the April

On behalf of Broadwater, I am pleased to submit the enclosed supplement to Broadwater's April 2006 Coastal Zone Consistency Certification ("CZCC") for the abovereferenced project in "hard copy" and compact disc format. For ease of review, the supplement consists of a "blacklined" CZCC supplement which shows the changes to the CZCC and a "clean" CZCC supplement which incorporates the changes in regular text. The primary purpose of this supplement is to incorporate relevant findings from the U.S. Coast Guard Captain of the Port Long Island Sound Waterways Suitability Report for the Proposed Broadwater Liquefied Natural Gas Facility (released September 21, 2006) ("WSR") into the April 2006 CZCC. As discussed in more detail in the attached supplement, Broadwater believes that the findings in the WSR, inter alia, support the conclusion reached in the April 2006 CZCC that the Project is consistent with the Long Island Sound Coastal Management Plan and any other potentially applicable and enforceable coastal management plan.

I also am writing to provide you with an update on the status of Broadwater's efforts to complete the federal and state permit applications identified in your August 4, 2006

Mr. Jeffrey Zappieri October 31, 2006 Page 2

letter. Broadwater will not be submitting an application to the Federal Aviation Administration ("FAA") because an FAA permit is not required for the proposed helipad (which only would be used in the event of an emergency). Rather, the FAA will perform an aeronautical study associated with the proposed location of the helipad and, based upon this study, prepare an advisory determination pursuant to 14 CFR Part 157, § 157.7(a). The FAA has advised Broadwater that the agency will not initiate this study until detailed design work for the proposed emergency-use helipad is completed. Broadwater recently met with representatives from the U.S. Environmental Protection Agency and, based upon the discussions at this meeting, expects to receive a letter from the agency at the end of November which confirms that Prevention of Significant Deterioration air quality permitting requirements do not apply to the Project. Broadwater recently notified the Towns of Brookhaven, Riverhead, and Smithtown of its intent to apply to the Commissioner of the New York State Office of General Services ("NYSOGS") for a grant (or grants) of an interest in real property in connection with the Project pursuant to the New York State Public Lands Law. Broadwater expects to submit its application to the Commissioner of the NYSOGS on November 17, 2006 or shortly thereafter. Broadwater also met with representatives from the New York State Department of Environmental Conservation ("NYSDEC") on the 19th and 21st of last month to discuss the content of its air permit application. Broadwater plans to submit a final air permit application to the NYSDEC no later than the third week of November. Broadwater will provide copies of the applications to your Department.

Finally, please be advised that the Broadwater Project will have a change of address as of November 20, 2006. The new address will be 889 Harrison Avenue, Riverhead, New York 11901; the soon-to-be old address is 30 West Main Street, Suite 301, Riverhead, New York 11901.

Please contact me should you have any questions regarding this matter. Thank you for your continuing attention to this project.

Very truly yours,

Robert J. Alessi

#### Enclosure/96162

cc: via First Class Mail (with enclosure)

Mr. James Martin, FERC (non-formal, courtesy copy; official filing to follow)

Captain Peter J. Boynton, USCG

Mr. Russell Smith, USACE

Mr. Mike Vissichelli, USACE

Mr. Alan Bauder, NYSOGS

Mr. Thomas Dvorsky, NYSDPS

William Little, Esq., NYSDEC

Mr. Jeffrey Zappieri October 31, 2006 Page 3

Mr. Jeffrey Gregg, NYSDEC
Mr. Steve Resler, NYSDOS
Mr. George Stafford, NYSDOS
Mr. William Staeger, Entrix Environmental Consultants
Broadwater Energy LLC
Mr. Michael Kane, Ecology & Environment, Inc.



BROADWATER ENERGY LLC LONG ISLAND SOUND PROJECT

SUPPLEMENT TO THE
APRIL 2006 NEW YORK STATE
COASTAL ZONE CONSISTENCY CERTIFICATION

**OCTOBER 2006** 

# BROADWATER

BROADWATER ENERGY LLC LONG ISLAND SOUND PROJECT

SUPPLEMENT TO THE
APRIL 2006 NEW YORK STATE
COASTAL ZONE CONSISTENCY CERTIFICATION

**OCTOBER 2006** 

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October 2006

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RESOURCE REPORT NO. 8

#### 1.0 Introduction

Broadwater Energy is pleased to submit this supplement to the Coastal Zone Consistency Certification ("CZCC") which it filed with the New York State Department of State ("NYSDOS") on April 4, 2006 related to Broadwater's proposal to construct and operate a marine liquefied natural gas ("LNG") terminal and subsea connecting pipeline for the importation, storage, regasification, and delivery of much-needed natural gas to the target markets of Long Island, New York City, New York City metropolitan area and Southern Connecticut (the "Project"). The proposed LNG terminal will be a floating storage and regasification unit ("FSRU") located in Long Island Sound, prudently situated approximately 9 miles from the shore of Long Island in New York State waters. Broadwater is submitting this supplement at this time to identify certain aspects of the U.S. Coast Guard Captain of the Port Long Island Sound Waterways Suitability Report for the Proposed Broadwater Liquefied Natural Gas Facility, September 21, 2006 (the "WSR") applicable to the coastal resources and uses addressed in the April 2006 CZCC.

The WSR confirms the information provided by Broadwater in its April 2006 CZCC and further supports the conclusion that the Project is consistent with the Long Island Sound ("LIS") Coastal Management Plan ("CMP") and other applicable CMP policies. More specifically, the WSR concludes, consistent with the conclusions set forth in the April 2006 CZCC, that the:

- Long Island Sound is a mixed use waterway shared by recreational, commercial, military and fishing interests;
- Long Island Sound and Block Island Sound are suitable for LNG carrier traffic and the operation of the Project from a navigation and maritime security perspective and that the potential navigation safety and maritime security risks associated with the Project are manageable;
- Proposed location of the Project has significant safety and security benefits and lessens the Project's attractiveness as a terrorist target when compared to those in other locations or using other technologies;
- FSRU is located in proximity to but not within existing commercial shipping channels;
- LNG carriers transiting to and from the Project would increase commercial usage of the Sound by less than 1%;
- Safety/security zones around the FSRU will occupy only a small fraction (0.12%) of the total area of LIS;
- Temporary safety/security zones around the LNG carriers will only occupy any given point for a short duration of time; and
- Impacts of the safety/security zones around the LNG carriers on The Race are manageable.

Taken together, these aspects of the WSR support Broadwater's conclusions that the Project is consistent with the policies of the CMPs applicable to the Project. Where appropriate, Broadwater has updated Chapter 4 of the April 2006 CZCC to support this assertion.

The WSR also recommends safety/security zones for the FSRU and specifies the route for the LNG carriers delivering cargo to the Project. With respect to the safety/security zones, the April 2006 CZCC contemplated and addressed how the safety/security zones then expected to be promulgated by the Coast Guard would correlate to New York's coastal uses resources and policies. Although the CZCC did not identify the precise size of the safety and security zones recommended in the WSR, it did make reasoned size estimates of the zones and, thereafter, evaluated consistency with the applicable CMP policies based upon the thenestimated size of the zones. Now that the WSR has been issued, Broadwater has revised Appendices E and F of the CZCC to reflect the safety and security zones recommended by the Coast Guard in the WSR. The primary changes to these Appendices relate to the Coast Guard's recommendation for a 1,210 yard safety zone around the FSRU. WSR \$ 4.6.1.5. substantive conclusions reached in the CZCC and these appendices with respect to coastal effects of the safety/security zones associated with the now existing coastal uses and resources and consistency with applicable CMP policies remain unchanged. Broadwater anticipates that the Coast Guard will provide a negative determination or, in the alternative, a consistency determination which addresses the coastal effects of the safety/security zones, the waterways impacted by the zones (including LIS), and the consistency of the zones with applicable CMP policies. Broadwater also has supplemented the carrier route analysis in Appendix J of the CZCC to identify the minor difference between the carrier routes described in Appendix J and the carrier routes recommended by the Coast Guard in the WSR.

#### 2.0 Major Conclusions Of The WSR

#### 2.1 The Coast Guard's Development of the WSR

The Coast Guard prepared the WSR in support of its independent statutory authority under the Magnuson Act, the Ports and Waterways Safety Act, the Maritime Transportation Security Act and its responsibility as a cooperating agency under the National Environmental Policy Act ("NEPA"). The WSR details the objective process followed by the Coast Guard to develop the WSR and the conclusions reached therein. The process included, among other things, the preparation of a Ports and Waterways Safety Assessment in May 2005 to provide a baseline for analysis of navigational safety concerns for Long Island Sound. In developing the WSR, the Coast Guard also sought and obtained input from: (1) a Harbor Safety Working Group consisting of representatives of commercial, recreational and government waterway users as well as state and local agencies with responsibility related to waterway safety; (2) a subcommittee of the LIS Area Maritime Security Committee consisting of representatives of federal, state and local agencies with responsibilities related to maritime security; and (3) "extensive" public input through written comments submitted to the Coast Guard dockets and during public scope meetings. WSR §§ 1.2 and 8.1. According to the Coast Guard, "as the lead federal agency responsible for waterway safety and maritime security, the Coast Guard's recommendation is based solely on an objective assessment of whether the waterway is suitable for LNG marine traffic and the operation of the proposed FSRU." WSR § 8.1.

#### 2.2 Key Analyses Performed by the Coast Guard as Part of the WSR

#### 2.2.1 Hazard Zone Analysis

Essential to the Coast Guard's assessment of the suitability of Long Island Sound and Block Island Sound for marine LNG activities and the suitability of the proposed location of the FSRU was the determination of potential hazard zones related to large releases of LNG from the FSRU or an LNG carrier.

The Coast Guard looked to the criteria used by Sandia National Labs in their report, Guidance on Risk Analysis and Safety Implications of a Large Liquefied Natural Gas (LNG) Spill Over Water (December 2004), to develop the three hazard zones and then used the hazard zones to assess the potential risks associated with the Project. WSR § 1.4.1.

Within the three zones, the level of risk reduces with an increasing distance from the source. For Zones 1 and 2, the outer limits are defined as the thermal radiation impacts (high potential or potential for major injuries or damage) that could be expected from an intense LNG vapor fire. <u>Id.</u> The outer limit of Zone 3 is based on the lower flammability limit of LNG vapor (i.e., the point at which a vapor cloud would disperse that it cannot be ignited). <u>Id.</u>

#### Summary of Waterways Suitability Report Findings

The primary difference between the evaluations contained in the Sandia Report and those in the WSR relate to differences between the size of the LNG carriers considered by Sandia and those proposed by Broadwater. The size of the three hazard zones reported in the Sandia Report were based on large releases of LNG from LNG carriers with a capacity of 138,000-144,000 m<sup>3</sup>. The individual tank capacities were approximately 25,000 m<sup>3</sup>. The Sandia study assumed that about one-half of the tank volume was released, or 12,500 m<sup>3</sup>. Sandia National Laboratories Report SAND2004-6258: Guidance on Risk Analysis and Safety Implications of a Large Liquefied Natural Gas (LNG) Spill Over Water, 2004, p. 141.

By way of contrast, the tank sizes for the FSRU and the maximum proposed LNG carrier size for the project (250,000 m<sup>3</sup>) are somewhat larger (approximately 42,000 to 45,000 m<sup>3</sup>) and therefore the volume of a potential release and the subsequent hazard zones will be somewhat larger than those estimated in the Sandia Report. WSR § 1.4.4.

The Federal Energy Regulatory Commission (FERC) conducted the consequence assessment for the WSR and conservatively determined that for the FSRU and the LNG carriers each of Zones 1 and 2 should be approximately 32 to 35% or 16 to 18% respectively larger than those established in the Sandia Report to account for larger potential spill volumes from the Project. Id.

The results of the Coast Guard's assessment conclude that because the FSRU is located in the central Sound none of Hazard Zones 1, 2 or 3 would overlap any portion of land. It was also concluded that no land areas along the LNG carrier transit route would fall within Hazard Zones 1 or 2. WSR §3.2.

Hazard Zone 3, which carries the least level of risk and conservatively extends out to 4.3 miles from the moving LNG carrier, would overlap the following land areas:

- Northern tip of Block Island, Rhode Island;
- Southern tip of Weekapaug Point, Westerly, Rhode Island;
- Southern tip of Watch Hill, Rhode Island;
- All of Fisher's Island, New York;
- All of Plum Island, New York;
- Northernmost third of the North Ford of eastern Long Island; and
- A portion of Goshen Point straddling the City of New London and the town of Waterford.

<u>Id.</u>

#### Hazard Zone 3 Discussion

A further discussion of Hazard Zone 3 is appropriate. The analysis of this hazard zone followed the guidance provided in the Sandia Report for an intentional breach scenario. It should be noted that this assessment considers only the *consequence* of such a breach scenario, and does not consider the *probability* of occurrence of such a scenario. The Sandia Report's analysis made the following assumptions:

- A 5 m² hole size. This is a hole approximately 8 feet in diameter in a double-hulled LNG carrier. In the course of the Coast Guard's review, Broadwater submitted an evaluation of design data from different sized LNG carriers showing that larger future generation LNG carriers and the FSRU will have thicker inner and outer hull plate thickness and a larger horizontal distance between the outer and inner hulls compared to smaller LNG carriers currently in service, rendering large carriers less vulnerable to hull damage. This is therefore a conservative assumption. Det Norkse Veritas for Broadwater Energy Response to U.S. Coast Guard Letter Dated December 21, 2005, Report No. 70014347, February 13, 2006, pp. 2-5.
- Intentional breach of 3 separate tanks.
- No ignition when the breach occurs. This is a conservative assumption, as the Sandia Report states: "Most of the intentional damage scenarios identified produce an ignition source such that an LNG fire is likely to occur immediately." Sandia Report, p. 73. If the breach is ignited, the smaller Hazard Zones 1 and 2 are applicable.
- Calm atmospheric conditions, allowing the maximum drift of the vapor cloud. If the atmospheric conditions are less stable, the LNG vapor cloud will disperse more quickly and the extent of the vapor cloud will be reduced. Based on a review of annual average data for 1994 to 2004 by

Broadwater, its was determined that the stable atmospheric conditions assumed in the Sandia Report only occur about 15% of the time.

The high degree of conservatism in this scenario is acknowledged in the Sandia Report, which states:

While previous studies have addressed the vapor dispersion issue from a consequence standpoint only, the risk analysis performed as part of this study indicates the potential for a large vapor dispersion from an intentional breach is highly unlikely. This is due to the high probability that an ignition source will be available for many of the initiating events identified, and because certain risk reduction techniques can be applied to prevent or mitigate the initiating events identified. Sandia Report, p. 53.

Similar conclusions pertain to the application of this intentional breach scenario to the Broadwater Project.

#### **Summary of Potential Coastal Zone Effects**

In conclusion, while the WSR assessed an intentional breach scenario that was generally consistent with that outlined in the Sandia Report, the potential for Hazard Zone 3 to impact land along the LNG carrier route is highly unlikely, due to the following:

- (1) The unlikely occurrence of the simultaneous intentional breach of three tanks without any spark that would cause ignition.
- (2) The limited occurrence of stable (F stability class) atmospheric conditions in Long Island Sound.
- (3) The established safety record of LNG carriers: "Over the approximately 45 years since the first marine shipment of LNG, more than 33,000 LNG carrier voyages have taken place. Transport of LNG in vessels has an excellent safety record: only eight marine incidents worldwide have resulted in LNG spills, some with damage. No cargo fires have occurred." WSR § 3.1.4.
- (4) The lack of credible terrorist threats against the facility. The WSR notes that "There are no known, credible threats against the proposed Broadwater Energy facility." WSR § 8.2.
- (5) The unlikelihood of the facility being considered a terrorist target, as noted by the Coast Guard in the WSR:

"The current threat environment indicates a primary factor in the selection of targets by a terrorist organization such as al-Qa'ida is whether an attack could result in a significant loss of life. Another factor is that the target is readily accessible to the media so that the images of the attack can be quickly seen throughout the country and the world."

"There would normally be between 30 and 60 persons on the FSRU and between 20-25 crewmembers on an LNG carrier. While an attack against the FSRU or an LNG carrier would possibly result in loss of life, the proposed location is sufficiently remote that hazards Zones 1, 2, or 3 would not affect shoreside population centers. Second, the proposed location of the FSRU is relatively remote given the distance from shore and would not be broadly and readily accessible to the media or public. Based on the above two criteria, the Broadwater Energy FSRU would more than likely not be an attractive terrorist target." WSR § 5.2.1.

#### 2.2.2 Waterway Characterization

Another analysis which was essential to the Coast Guard's analysis of the suitability of LIS and Block Island Sound for LNG marine traffic and the operation of an LNG marine terminal was the characterization of these waterways and the assessment of the potential effects of the Project on these waterways. WSR § 2.0. To this end, the WSR sets forth an exhaustive analysis of the waterways potentially effected by the Project. The analysis included an assessment of: (1) port activity (e.g., commercial vessel traffic, commercial vessel size and tonnage, traffic flow, vessel transit proximity, recreational boating, marine events, and Coast Guard regulated facilities); (2) regulatory requirements for vessel operation and transit within the Captain of the Port Long Island Sound Zone; and (3) weather. WSR § 2.1. The WSR then characterizes the potential effects of the Project on these waterways, evaluating the effects associated with the proposed location for the FSRU, the onshore facilities, and the recommended transit routes for the LNG carriers separately. WSR § 3.0.

The WSR assesses the waterway attributes, weather, and the density and character of the marine traffic at the proposed location of the FSRU. WSR § 3.1. With respect to waterway attributes, the WSR concludes that there are no natural or manmade obstructions near the FRSU which could affect FSRU operation or transit of LNG vessels to the FSRU. WSR § 3.1.2.1. The WSR also concludes that the proposed location would offer "natural protection from conditions on the high seas, and sea conditions are generally calmer than those encountered off the south shore of Long Island and within Block Island Sound." WSR § 3.1.2.2. According to the WSR, the proposed location of the FRSU also would not be within the predominance of existing commercial and recreational uses of the Sound. WSR § 3.1.2.3. In particular, the WSR provides that the "predominance" of east-west traffic transits to the south of the proposed location and the concentration of commercial traffic running from north to south is located to the east of the FSRU. Id. The WSR also notes that the highest density of recreational boating is generally within 2.3 to 3.5 miles of the shore on both coasts of Long Island Sound, and that most marine events are held close to shore. Id.

The WSR also breaks down the recommended LNG carrier transit route into eight segments and evaluates each segment against the following criteria: (1) weather; (2) port characterization; (3) density and character of marine traffic; (4) zones of concern in the Sandia Report; (5) sensitive environmental receptors; and (6) population density. WSR § 3.2. While the

WRS's analysis of each criterion varies somewhat based upon the segment, the following key conclusions can be drawn from the information provided in the WSR:

- Water depths and other waterway restrictions are generally not a concern
  for LNG carriers transiting the segments of the recommended LNG routes.
  In addition, while certain areas are more navigationally constrained than
  others (i.e., The Race), the recommended route for the LNG carriers is
  similar to that of other deep draft vessels and generally is not used as a
  route by smaller commercial vessels or recreational vessels;
- While certain segments of the route present tidal currents and weather conditions which are similar to the open ocean, as the LNG carriers are designed for operation of the high seas, tidal conditions are not expected to interfere with the navigation of the LNG carriers;
- The segments of the recommended LNG carrier route already are subject to commercial, recreational, and military traffic, the density of which varies depending upon the segment. As a result, the introduction of LNG carriers along this route is not expected to change the "use" characteristics along the recommended route segments;
- Some of the segments are subject to seasonal increases in recreational and commercial traffic and certain marine events impact some or all of the recommended LNG carrier routes;
- The population density, important community structures, and sensitive environmental areas vary by segment; and
- No shoreline along the recommended routes is within Hazard Zone 1 or Hazard Zone 2, and only portions of the shoreline along the recommend route are within Hazard Zone 3. As a result, the recommended LNG carrier route avoids effects on the shoreline in all but the most conservative and low-probability risk scenarios.

<u>See generally</u> WSR § 3.2. These conclusions are consistent with and support the conclusions reached by Broadwater in the CZCC and further demonstrate that the Project is consistent with applicable coastal policies.

#### 2.2.3 Safety and Security Assessments

The WSR also sets forth a comprehensive assessment of the safety and security risks associated with the Project and transiting LNG carriers, and provides recommendations on the mitigation measures that are necessary to address these risks. These assessments, coupled with the hazardous zone analysis and waterway characterization discussed above, formed the basis for the Coast Guard's recommendation that the waterway was suitable for LNG marine traffic and the operation of the FSRU, provided that measures were implemented to responsibly manage the safety and security risks associated with the Project.

# 2.2.4 Key Aspects of the WSR Support Broadwater's Conclusion that the Project is Consistent with Applicable CMP Policies

The conclusions reached by the Coast Guard in the WSR with respect to the navigational safety and maritime security aspects of the Project support key findings set forth in the CZCC and further demonstrate that the Project is consistent with the applicable LIS CMP policies. To this end, Broadwater has supplemented Chapter 4 of the CZCC to incorporate, where appropriate, the Coast Guard's findings. In summary, Broadwater believes that the following conclusions of the Coast Guard in the WSR further demonstrate that the Project is consistent with applicable CMP polices:

- LIS is a mixed use water body shared by recreational, commercial, military, and fishing interests with heavy commercial traffic servicing ports located on both the Connecticut and New York side of LIS, including the Riverhead and Northport Terminals;
- The addition of the proposed LNG carriers to LIS would increase commercial usage of the Sound by less than 1% and, as a result, the Project is not expected to unnecessarily congest or impede existing commercial vessel traffic in LIS, even in The Race;
- While LIS currently does not have LNG carrier traffic, numerous large vessels operate routinely in LIS, including deep draft vessels exceeding 800 feet in length which generally carry liquid petroleum product or coal;
- The site selected for the Project has several significant safety and security benefits due to its remote distance from population centers when compared to those in other locations or using other technologies;
- The site selected for the Project is outside of existing commercial vessel thoroughfare and, as a result, the Project will not interfere with existing commercial vessel traffic patterns;
- The Coast Guard has established or proposed to establish safety/security zones within LIS, and the safety/security zone recommended for the Broadwater FSRU will cover an extremely small percentage (0.12%) of the total area of LIS;
- The temporary safety/security zones proposed for around the LNG carriers will only occupy any given point for a short duration of time; and

The effects of the Project and transiting LNG carriers on recreational activities will be minor as the majority of recreational vessel traffic is close to shore and not in proximity to commercial shipping lanes or the site selected for the Project.

#### 3.0 Conclusion

Broadwater's April 2006 CZCC demonstrates that the Project is consistent with applicable CMP policies. The Coast Guard's conclusions in the WSR supports, without contradiction, several conclusions set forth in the CZCC, including but not limited to: (1) the historic and current commercial uses of the Sound; (2) the Project's effects navigational safety and maritime security in the Sound; (3) the Project's effects on existing commercial/industrial and recreational uses of the Sound; and (4) the relatively benign risks of the Project after the implementation of the mitigation measures set forth in the WSR. As a result, Broadwater respectfully requests that the NYSDOS make the finding that the Project is consistent with applicable CMP policies.